

ASIAINFO REPORTS 2004 FIRST QUARTER RESULTS

Company Exceeded Guidance with Earnings Per Share of US\$0.04 Software Revenue Increased 35% Year-Over-Year

BEIJING/SANTA CLARA, Calif. – April 21, 2004 – AsiaInfo Holdings, Inc. (Nasdaq: ASIA), a leading provider of telecom network and software solutions in China, today announced first quarter results for the period ended March 31, 2004.

Business Results

First quarter net revenue (total revenue net of hardware costs) was US\$15 million, an 18% increase year-over-year and a 7% decrease over the previous quarter. Software revenue was US\$9.7 million, a 35% increase year-over-year and a 1% sequential increase. Net revenue for the Network Solutions business was US\$5.3 million, a 3% decrease year-over-year and a 19% decrease sequentially.

Gross revenue (which includes hardware costs) for the quarter was US\$32 million, up by 4% year-over-year and up 4% sequentially. Gross profit was US\$9.3 million, up by 23% year-over-year and flat from the previous quarter.

Revenue from the company's Human Resources Management (HRM) and Business Intelligence (BI) business, which was acquired from Pacific Software in the fourth quarter of 2003, accounted for approximately 6% of this quarter's net revenue.

Total operating expenses for the quarter were US\$7.3 million, a significant decrease from the US\$37.7 million in the year-ago period, which included that quarter's impairment charge of US\$30 million relating to goodwill and acquired intangible assets, and a decrease of 5% from last quarter.

The company reported operating profit for the first quarter of US\$2.0 million, compared to an operating loss of US\$30.2 million during the year-ago period which included the non-cash impairment charge mentioned above, and an operating profit of US\$1.6 million last quarter. First quarter net income was US\$2 million, or US\$0.04 per basic share, compared to a net loss for the same period last year of US\$29 million or US\$0.66 per basic share after that quarter's non-cash impairment charge, and to a net loss for last quarter of US\$0.3 million or US\$0.01 per basic share, which included an impairment charge of approximately US\$2.2 million.

The company generated an operating cash flow of US\$2.7 million for the quarter.

"We are pleased that our software revenue continued to grow in the first quarter," said Mr. Xingsheng Zhang, AsiaInfo's President and Chief Executive Officer. "We benefited from growth in vertical enterprise markets, with important contracts signed for our HRM and BI solutions, as well as the continued focus by Chinese telecom carriers on operational efficiency, an area in which AsiaInfo is well positioned with market leading operation

support systems and value-added service solutions. We also continued to benefit from efficiencies generated by the consolidation of our R&D and sales organizations.”

Mr. Zhang added, “The integration of AsiaInfo’s HRM and BI business is continuing smoothly, allowing us to fulfill our vision of becoming a total customer solutions provider serving a wide range of vertical markets in China.”

Major Contracts Signed in This Quarter

The company continued to expand into important new vertical markets with a contract signed in February 2004 to provide an HRM solution to Angang Group, one of China’s largest steel producers.

Other major contracts signed by AsiaInfo during the first quarter of 2004 include:

- A contract to construct a Business Support System for China Telecom's Intelligent Network Backbone.
- A contract to provide China Unicom’s Guangdong Branch with a billing software solution and ongoing maintenance service.
- A series of BOSS related software upgrade and maintenance service contracts for China Mobile’s provincial subsidiaries, including Shanghai Mobile, Inner Mongolia Mobile, Zhejiang Mobile, Guangxi Mobile, and Tibet Branch.
- Contracts to provide network solutions for IP municipal area network expansion in Jiangsu and Hainan, two major provincial branches of China Netcom South.

Second Quarter 2004 Guidance

Net revenue is expected to be US\$14 to \$15 million in the second quarter of 2004. Earnings per basic share in the second quarter is expected to be US\$0.02 to \$0.03.

ASIAINFO HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Amounts in thousands of US\$)

	2004 Three Months Ended Mar 31	2003 Three Months ended Mar 31	2003 Three Months Ended Dec31
Revenues:			
Network solutions	22,309	23,500	21,081
Software revenue	9,672	7,174	9,531
Total revenues	31,981	30,674	30,612
Cost of revenues:			
Network solutions	18,804	20,096	17,321
Software cost	3,923	3,073	4,041
Total cost of revenues	22,727	23,169	21,362
Gross profit	9,254	7,505	9,250
Operating expenses:			
Sales and marketing	2,613	2,515	3,075
General and administrative	2,469	2,317	2,428
Research and development	2,022	2,545	1,882
In-Process research and development	-	-	169
Impairment of goodwill and acquired intangible assets	-	30,221	-
Amortization of deferred stock compensation	-	68	-
Amortization of intangible assets	178	47	81
Total operating expenses	7,282	37,713	7,635
Income (loss) from operations	1,972	-30,208	1,615
Other income (expenses):			
Interest income	352	454	394
Interest expense	-	-1	-1
Other expenses, net	-21	-1	-100
Total other income, net	331	452	293
Income (loss) before income taxes, minority interests and equity in loss of affiliate	2,303	-29,756	1,908
Income tax expense (benefit)	288	-824	-20
Minority interests in loss (income) of consolidated subsidiaries	-	-	-
Equity in loss of affiliate	-38	-115	-2,196
Net income (loss)	1,977	-29,047	-268
Net income (loss) per share			
Basic	0.04	-0.66	-0.01
Diluted	0.04	-0.66	-0.01
Shares used in computation			
Basic	45,301,278	44,206,625	44,846,989
Diluted	47,354,713	44,206,625	44,846,989
Segment information			
Network solutions net of hardware cost	5,355	5,545	6,624
Software revenue	9,672	7,174	9,531
Total revenues net of hardware cost	15,027	12,719	16,155
Total cost of sales net of hardware cost	5,773	5,214	6,905
Gross profit	9,254	7,505	9,250

ASIAINFO HOLDINGS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In US)

	Mar 31,2004	Dec 31,2003
ASSETS:		
Current Assets		
Cash and cash equivalents	124,685,561	119,394,988
Restricted cash	14,742,686	14,827,219
Short term investments	10,373,840	13,218,115
Notes receivable	2,791,800	3,832,141
Accounts receivable, trade (net of allowance for doubtful accounts of 3,094,733 and 2,941,966 at Dec 31, 2003 and Mar 31,2004 respectively)	65,805,660	51,923,491
Inventories	3,843,238	3,234,614
Other current assets	7,274,830	13,050,244
Total current assets	229,517,615	219,480,812
Property, plant, and equipment-net		
Investment in affiliate	2,289,478	2,347,693
Other assets	292,329	330,663
Other assets	17,720,769	17,862,623
Total Assets	249,820,191	240,021,791
LIABILITY AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Short-term bank loans	0	60,411
Notes payable	5,790,026	2,608,377
Accounts payable	17,933,366	13,944,835
Accrued employee benefit	7,003,167	5,971,003
Deferred revenue	10,631,634	11,738,288
Income taxes payable	1,721,649	1,231,794
Other taxes payable	1,666,586	2,212,280
Other current liabilities	15,436,577	15,597,604
Total current liabilities	60,183,005	53,364,592
Minority Interest	0	0
Stockholders' Equity:		
Common stock, 100,000,000 shares authorized; 0.01 par value, shares issued and outstanding : Dec 31,2003 45,112,278; Mar 31,2004 45,385,538	453,855	451,123
Additional paid-in capital	206,158,331	205,154,007
Deferred stock compensation	0	0
(Accumulated deficit) retained earnings	(17,032,541)	(19,008,996)
Accumulated other comprehensive income	57,541	61,065
Total stockholder's Equity	189,637,186	186,657,199
Total Liability and Stockholder's Equity	249,820,191	240,021,791

Reconciliation of Non-GAAP Measures

This earnings release contains a presentation of AsiaInfo's net revenue, which represents revenue net of hardware costs that are passed through to our customers. Under applicable U.S. securities regulations, net revenue is considered a "Non-GAAP financial measure". We believe that the presentation of this Non-GAAP measure provides useful information for investors regarding our regular financial performance. Our management uses this measure for the same purpose. The presentation of this additional information is not meant to be considered in isolation or as a substitute for our financial results prepared in accordance with GAAP. Pursuant to relevant regulatory requirements, we are providing in this release the following reconciliation of the Non-GAAP financial measure (Net Revenue) to the most directly comparable GAAP financial measure (Revenues).

	<u>2004 Q1</u>	<u>2003 Q4</u>	<u>2003 Q1</u>
	(in thousands of US dollars)		
Net Revenue	15,027	16,155	12,719
Hardware Costs	16,954	14,457	17,955
Revenues	<u>31,981</u>	<u>30,612</u>	<u>30,674</u>

First Quarter Conference Call

AsiaInfo will host a conference call to discuss first quarter earnings at 5:00pm Pacific Time/8:00pm Eastern Time today (Beijing/Hong Kong time: April 22, 2004 at 8:00am). The management team will discuss quarterly results and highlights, and answer any questions. The dial-in number for the call is 973-582-2732. A replay will be available by dialing 877-519-4471 for US callers or 973-341-3080 for international callers with a personal identification number (PIN) of 4671974 between 9:00pm Pacific Time on April 21, 2004 until 9:00pm Pacific Time on April 29, 2004. Additionally, a live and archived web cast of this call will be available on the Investor Relations section of the AsiaInfo web site at the address shown below.

About AsiaInfo Holdings, Inc.

AsiaInfo Holdings, Inc. (Nasdaq: ASIA) is a leading provider of high-quality software and solutions in China. The company provides total customer solutions to some of China's largest companies, and helps its customers to increase their business value in fast-growing and evolving markets. AsiaInfo's products and services cover telecom network infrastructure and application services, encompassing messaging, broadband and wireless; customer relationship management (CRM) and billing solutions; decision support systems; business intelligence (BI); and human resource management (HRM).

Organized as a Delaware corporation, AsiaInfo began in 1995 as the constructor of national backbones and provincial access networks for all of China's major national telecom carriers, including China Telecom, China Mobile, China Unicom and China Netcom. After its acquisition of OSS vendor Bonson in 2002, and the HRM and BI

business from Pacific Software in 2003, the company has successfully leveraged its strengths as a IT systems integrator and telecom software solution provider, to offer a full suite of IT services to a broad range of customers.

For more information about AsiaInfo, please visit <http://www.asiainfo.com>.

The information contained in this documents is as of April 21, 2004. AsiaInfo assumes no obligation to update any forward-looking statements contained in this document as a result of new information or future events or developments.

This document contains forward-looking information about AsiaInfo's operating results and business prospects that involve substantial risks and uncertainties. You can identify these statements by the fact that they use words such as "anticipate," "estimate," "expect," "project," "intend," "plan," "believe," and other words and terms of similar meaning in connection with any discussion of future operating or financial performance. Among the factors that could cause actual results to differ materially are the following: government telecommunications infrastructure and budgetary policy in China; our ability to maintain our concentrated customer base; the long and variable cycles for our products and services that can cause our revenues and operating results to vary significantly from period to period; our ability to meet our working capital requirements; our ability to retain our executive officers; our ability to attract and retain skilled personnel; potential liabilities we are exposed to because we extend warranties to our customers; risks associated with cost overruns and delays; our ability to develop or acquire new products or enhancements to our software products that are marketable on a timely and cost-effective basis; our ability to adequately protect our proprietary rights; the competitive nature of the markets we operate in; political and economic policies of the Chinese government. A further list and description of these risks, uncertainties, and other matters can be found in our Annual Report on Form 10-K for the fiscal year ended December 31, 2003, and in our periodic reports on Forms 10-Q and 8-K (if any) filed with the United States Securities and Exchange Commission and available at www.sec.gov.

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